

Wellington Fund
Philadelphia, PA

March 29, 1968

Mr. Orval L. DuBois, Secretary
Securities and Exchange Commission
500 North Capitol Street
Washington, D. C. 20549

Dear Mr. DuBois:

We welcome the opportunity to submit our comments with respect to proposed Rule 10b-10.

We support the position of the Investment Company Institute with respect to this proposed Rule. In our view, the essential fallacy of the proposed Rule is that it is attacking the reciprocal brokerage question as a result of the adoption of a major premise that existing industry practices involve a violation of fiduciary obligations to the Fund.

We believe that the proposed Rule is attacking the reciprocal brokerage problem from the wrong direction. The simple, direct and most effective way to reduce commission costs is through a volume discount, as proposed by the New York Stock Exchange. This approach would attack the problem at its roots and not in an indirect and superficial manner.

We recommend, therefore, that the Commission develop with the several stock exchanges, as promptly as possible, the mechanics of putting a volume discount into effect. This, in our judgment, is the only sensible solution.

We should like to add that, in our view, the placement of reciprocal brokerage with dealers who either sell shares of our Fund or provide investment and other information to our investment adviser, is not detrimental to the Fund, but, on the contrary, is beneficial. The growth of our Fund has permitted us to reduce management fees and other costs substantially and this could not have been accomplished had it not been for the efforts of investment dealers in offering our shares to the public. Continued sales of our shares are of vital importance as at least an offset to redemptions which, in a Fund as old and as large as ours, can be substantial.

Security analysts are required to seek out as much information as they can obtain on any company in which we have invested or plan to invest. To the extent

that some of this information can be supplied by capable investment dealers, we see no harm to the Fund, but rather a benefit, in rewarding these dealers for their help.

We hope the foregoing comments will be helpful to you in working out a solution.

Sincerely yours,

Joseph E. Welch
President